

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 TRSE-00 NEA-10 AF-10

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 428

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E.O. 11652: NA

TAGS: ETRN, CO

SUBJ: CIVAIR-FUEL SHORTAGE

REF: BOGOTA 9666

1. SUBSEQUENT TO DECREES LIMITING SUPPLY OF JET FUEL AND BUNKER OIL REPORTED IN REFTTEL, GOC HAS ANNOUNCED ADDITIONAL REGULATIONS AFFECTING DISTRIBUTION AND PRICES. FULL IMPLICATIONS OF VARIOUS MEASURES NOT YET CLEAR, BUT EMB THUS FAR FINDS NO EVIDENCE OF ANY INTENT TO DISCRIMINATE AGAINST US CARRIERS. PRIMARY CONCERN OF GOC APPEARS TO BE PROTECTION OF FUEL SUPPLY AVAILABILITY AND, SECONDARILY, TO OBTAIN GREATER REVENUES FROM FUEL SALES.

2. FOREIGN TRADE INSTITUTE HAS ISSUED RESOLUTION RE-CLASSIFYING AS EXPORTS ALL FUEL SUPPLIED TO INTERNATIONAL CARRIERS. AT THE SAME TIME, ECOPETROL, THE STATE-OWNED OIL COMPANY, HAS BEEN GIVEN EXCLUSIVE DISTRIBUTION FOR SUCH SALES. PRINCIPAL DISTRIBUTORS WERE PREVIOUSLY ESSO AND TEXACO. PRICES HAVE BEEN INCREASED FOR JET FUEL FROM US 17 CENTS TO 28 CENTS PER GALLON, PAYABLE IN DOLLARS. MARINE FUEL PRICES HAVE BEEN INCREASED SLIGHTLY WITH ACPM AND GAS OIL AT US 43 CENTS, DIESEL OIL AT

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40 CENTS, AND BUNKER C FUEL OIL AT 17 CENTS. THESE PRICES

APPLY TO ATLANTIC COAST SALES WITH AN ADDITIONAL TWO CENT DIFFERENTIAL FOR PACIFIC COAST SALES. ALL PRICES ARE SUBJECT TO READJUSTMENT TO REFLECT INTERNATIONAL MARKET RATES.

3. THE ONLY EXCEPTION TO THE ABOVE PRICES AND DISTRIBUTION IS THE CONTRACT BETWEEN ESSO AND THE FLOTA MERCANTE GRANCOLOMBIANA WHICH WILL CONTINUE IN EFFECT UNTIL NORMAL EXPIRATION. ALL OTHER SUPPLY CONTRACTS ARE VOIDED. AVIANCA AND OTHER COLOMBIAN FLAG CARRIERS WILL BE SUBJECT TO NEW REGULATIONS FOR INTERNATIONAL FLIGHTS. JET FUEL PRICE FOR DOMESTIC FLIGHT REMAINS AT ABOUT US11 CENTS PER GALLON. TOTAL ADDED COST TO AVIANCA AT NEW RATE IS ESTIMATED AT ABOUT 2 MILLION DOLLARS PER YEAR.

4. PRINCIPAL BENEFIT UNDER NEW SYSTEM APPEARS TO FALL TO ECOPETROL. MARGINS FOR REFINERY SALE TO ECOPETROL HAVE BEEN LIMITED TO COLOMBIAN 50 CENTS PER GALLON FOR MARINE FUEL AND ONE PESO FOR JET FUEL. THIS IS APPROXIMATELY PREVIOUS MARGIN BUT ECOPETROL WILL BENEFIT SUBSTANTIALLY FROM INCREASED PRICES.

5. NO FURTHER CLARIFICATION AVAILABLE AS YET ON ALLOCATION LEVELS APPLICABLE TO BRANIFF AND PAN AMERICAN.

WHITE

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